

**Nebraska Universal Service Advisory Board Meeting
Public Service Commission Library
The Atrium, 1200 AN@ Street
Lincoln, Nebraska
January 9, 2002**

The Nebraska Universal Service Advisory Board met January 9, 2002 at the Public Service Commission Library, 300 The Atrium, 1200 N Street in Lincoln, Nebraska.

There being a quorum present, the meeting was called to order at 10:00 a.m. by Floyd Olson, Commission-appointed representative of the Advisory Board. The following Board members were present:

Deonne Bruning (arrived at a later time);
Charles Fast;
Richard Fleming;
Bob Lanphier;
Floyd Olson;
David Rosenbaum;
Rod Wagner;
Alan Wibbels.

Absent from the meeting was Ted Schultz.

Present from the Public Service Commission were Gene Hand, Steve Stovall, Commissioner Lowell Johnson, Jeff Pursley and Nichole Morgan.

Present from the public was Ron Cone, affiliated with ESU #10.

Approval of Minutes From January 10, 2001.

Motion for the minutes of January 10, 2001 to be approved as submitted made by Mr. Fleming. Seconded by Mr. Lanphier. Upon agreement of all board members present, minutes were approved as presented.

Approve Filling of Expired Terms.

Mr. Fleming, Mr. Lanphier and Mr. Wibbel=s terms have expired. All have agreed to serve another term. Motion by Mr. Fast to nominate for reappointment the above-mentioned members. Seconded by Ms. Bruning. Upon agreement of all board members present, the members were recommended for reappointment. The secretary will submit the recommendation for reappointments to Mr. Fast for his signature and then forward to the Commission for approval. In addition, Ms. Bruning will continue to serve as AT&T=s spokesperson.

Election of Officers.

Nominations opened for Chair. Motion by Mr. Fleming to nominate Mr. Fast as Chair. Seconded by Mr. Lanphier. Results of the vote was eight in favor, one absent not voting. Motion carried.

Nominations opened for Vice-Chair. Motion by Mr. Rosenbaum to nominate Ms. Bruning as Vice-Chair. Seconded by Mr. Lanphier. Results of the vote was eight in favor, one absent not voting. Motion carried.

Review of Advisory Board=s Role.

Mr. Olson reiterated the Board=s role regarding the purpose of the Advisory Board. If the purpose needs to be expanded, the Board should reevaluate.

Report on Lifeline Services - Jeff Pursley.

The following highlights were provided:

- \$ 33% average annual growth is being experienced in application processing;
- \$ Penetration projected is between 24,000 and 26,000, however carrier reimbursement places about 15,000 active applicants;
- \$ Total eligibility for Nebraska as researched by Ms. Nicole Morgan indicates 65,000 households;
- \$ Research also indicates that only 30-40% of all authorizations come from Health & Human Services - many come from Housing Authorities and the Agency on Aging;
- \$ Over one-half of Nebraska households earning under \$10,000 annually are single member households;
- \$ Telephone subscribership penetration for those below the \$10,000 income range are way below poverty levels.

Mr. Pursley shared other issues and possible remedies:

- 1.) Increased awareness and promotion by Health and Human Services. Currently, this program is not on the Acheckoff@ list of program(s) available. Also, new hires are not always made aware of the program. Efforts to involve Health and Human Services in promoting the program should be made;
- 2.) Lifeline/Link Up applications are now in a revised (improved) Spanish

translation;

- 3.) Issues regarding expanding eligibility will be addressed when it is determined that the existing projected base is being served;
- 4.) Problems with federal housing authorities exist because there is no central repository of information identifying entities providing federal housing;
- 5.) Ways of reaching traveling nurses who serve multiple rural areas and community centers should be considered;
- 6.) Allowing self-certification may be another option to increase subscribership.

Report on Library and Education - Rod Wagner and Alan Wibbels, respectively.

Mr. Wagner indicated November 5, 2001 the application filing Awindow@ opened for Funding Year Five of the E-rate program. The window closed January 17, 2002. A cumbersome application process is still a main concern. Some libraries have chose not to participate because of this. Total participating libraries is far below eligibility. Mr. Wagner has a staff member primarily doing outreach and coordinating activities with service providers.

Discount range has been in the 60-65% range with a low discount of 20% and a high of 80%.

The AChild Internet Protection Act@ is currently being contested in the courts. Filtering software is required to be installed as a requirement to receiving federal support.

Mr. Wibbels provided highlights from the handout titled, AA Nebraska Report - January 2, 2002.@ Discounts range between 20-90%, depending on the school=s or library=s economic need and location. On average, Nebraska schools receive a 60 % discount. Most schools in Nebraska have taken advantage of the USF discount program. Over 400 public and private schools have filed each of the past four years. For this period, a total of \$21 million worth of discounts have been awarded to Nebraska schools and libraries.

Report From the Fund Administrator - Jeff Pursley.

The following highlights were shared:

- \$ 5.77% was the original growth projection for the fund. 6.25% is the actual growth;
- \$ Discussion centered on how to reduce the fund balance. Reduction in the surcharge may be warranted, but the reserve balance still needs to be addressed;

- § If access minutes continue to erode because of alternative provider choices (etc. wireless), the shortfall must be addressed or landline service may be impaired.

Suggestion on drafting a letter to the legislature is to Ahold the fund harmless@ until certain issues are resolved. These issues include further access charge reductions, infrastructure development and deployment of advanced services. Commit a date certain when the Board will report back to the legislature. The letter should address two key issues: 1) The Board=s purpose and; 2) A plan of action in reducing the reserve balance.

Additional comments on handouts (Jeff):

- § Telephone subscribership in Nebraska as of March, 2001 is 97.3%. This is a 3.3% increase from the previous period and is deemed to be statistically significant;
- § National penetration is at 94.6%. This is unchanged from March, 2000;
- § Discussion centered on filing comments in the NUSF-26 Docket. This docket seeks input on a number of issues, including what other services should be supported.

Comments on the docket will be provided on the NPSC website. Mr.Olson and Mr. Fast will work on what issues to address as a Board and develop testimony and inform other Board members. Mr. Pursley was requested to assist in the process.

Motion by Mr. Olson for the Board to address in a letter to the PSC and copy all state senators the following three issues:

- 1). The Board supports the PSC=s position that the USF funds are to be used for the specified purposes or returned to payees;
- 2). Many issues remain to be addressed that may require additional monies to be paid out this year;
- 3). The Board recommends a review by the PSC in six months as to how the monies will be used or a plan to reduce the surcharge.

Motion seconded by Mr. Rosenbaum. Results of the vote was eight in favor, one absent not voting. Motion carried.

Other Business.

Mr. Hand indicated some changes are taking place at the federal level regarding interstate access charges and universal service. AT&T increased their universal service surcharge to 11%.

Appreciation expressed to Mr. Pursley for the packet of materials provided.

Public Comments (none presented).

Adjourn.

Motion to adjourn by Mr. Fast. Seconded by Mr. Fleming. Meeting adjourned 11:54a.m.

Respectfully submitted,

Steven G. Stovall - Staff Accountant
Nebraska Public Service Commission
January 29, 2002

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